

**REPORT OF THE COMMONWEALTH OF VIRGINIA
INFORMATION TECHNOLOGY INVESTMENT BOARD**

*RECOMMENDED TECHNOLOGY INVESTMENT PROJECTS FOR
THE 2004-2006 BUDGET BIENNIUM,
SEPTEMBER 1, 2004 SUBMISSION*

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**

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Executive Summary

The *Code of Virginia*, Section 2.2-2458, requires the Commonwealth Information Technology Investment Board (ITIB) to submit a list of recommended technology investment projects and priorities for funding such projects to the Governor and General Assembly by September 1 of each year.

Purpose

The Recommended Technology Investment Projects (RTIP) Report is intended to provide the information needed to make sound investment decisions—project cost, schedule and risk— regarding funding technology projects or investments and to ensure technology investments are strategically aligned with Commonwealth business goals and objectives.

Report Contents

The accompanying document provides the following information:

- A summary of the procedures and criteria used to identify candidates for funding and determine recommended priorities;
- A listing of current major IT projects (Appendix A), for which the ITIB recommends funding be maintained. The Board and Commonwealth CIO, with the support of VITA staff, continue to actively oversee these projects and their progress.
- A listing of the ITIB's 27 proposed priority IT investment projects (Appendix B), for which the ITIB recommends funding either be maintained (where the proponent agency already has a committed funding source) or given priority consideration for inclusion in the Governor's Executive Budget and funding in the 2005 legislative session.
- Additional information regarding Secretariat priorities and specific projects is provided in Appendices C-G of this report.

For all major IT projects listed in Appendix A and B, the Board is requesting that funding for these projects be specifically identified in the Budget Bill and Appropriation Act to ensure that agencies are accountable for their planned technology investment projects. Clear identification of project funding in agency budgets will also facilitate the development of a more useful and accurate RTIP Report in the future.

The top 27 priority technology investment projects listed in Appendix B represent all Secretariats and twenty agencies. Total project costs (estimate at completion) of these top 27 projects are \$246.8 million. Eleven projects in the top 27 are identified as fully funded, with budgeted funds totaling \$49.2 million. Sixteen projects are un-funded, with a total project cost of \$213.4 million. These projects, if and when funded, will be subject to further CIO/ITIB review and approval before they can move forward to the development phase and ongoing oversight.

Preliminary plans for the projects in this report vary widely in level of detail, definition of scope, business justification, and in the agencies' own confidence in the presented data. **Therefore, the ITIB emphasizes that the project costs contained in this document are preliminary estimates provided by the proponent agencies, and are subject to varying degrees of uncertainty.** Recommendations addressing this planning issue are outlined under *Future Considerations*, below.

Report Development Process

The Recommended Technology Investment Projects (RTIP) Report was developed using a process approved by the ITIB in March 2004. The report development process ensured that selected priority projects address critical Commonwealth technology investment business needs as determined by the business owners, working in collaboration with the ITIB. The Agency Information Technology Strategic Planning (ITSP) Process for the 2004-2006 Budget Biennium was used to collect the information necessary to construct the report.

The top 27 priority projects list is the result of a series of evaluations, beginning with the review criteria set out in legislation and the project selection and ranking criteria approved by the IT Investment Board in March 2004. Candidate projects were then reviewed with the cabinet secretariats for recommended business priorities. Final screenings at the CIO/ITIB level provided an enterprise-wide emphasis on projects contributing to public safety/homeland security and cross-agency collaborations. Where feasible, priorities within each Secretariat were maintained.

On August 11, 2004, the ITIB convened to review the draft RTIP report and to select the top priority investment projects for recommendation.

Future Considerations

To better support technology investment planning, and to strengthen the major IT project planning phase to meet its intended objectives, the Board recommends that separate central funding for the project planning phase of major IT projects should exist from funding for project development. This two-stage process would be parallel to that followed by the Virginia Department of Transportation for highway construction projects.

Under this two-stage approach, upon the recommendation of the CIO, the ITIB would consider awarding planning funds to proposed major projects meeting specified criteria. Awarded funds would be used by agency and VITA staff to conduct the detailed analyses necessary to produce appropriate scope and cost estimates, as per CIO/ITIB guidance. Funding would be via the current Virginia Technology Infrastructure Fund, with a modest sum for this purpose refreshed annually via the Appropriation Act. Uses and results from these awards would be reported by the ITIB as part of its annual September 1 report.

Introduction

The *Code of Virginia*, Section 2.2-2458, requires the Commonwealth Information Technology Investment Board (ITIB) to submit a list of recommended technology investment projects and priorities for funding such projects to the Governor and General Assembly by September 1 of each year. The ITIB convened on August 11, 2004 to evaluate the current Commonwealth technology project portfolio and to select the top priority investment projects for recommendation. The ITIB hereby submits the Recommended Technology Investment Projects for the 2004-2006 Budget Biennium, September 1, 2004 Submission.

The Agency Information Technology Strategic Planning (ITSP) Process for the 2004-2006 Budget Biennium was used to collect the information necessary to construct the report and as a vehicle for the CIO to approve the planning phase of the recommended technology investments (*Code of Virginia*, Sections 2.2-2008 and 2.2-2018). Staff from the VITA Project Management Division (PMD) assisted the CIO with information collection, analysis, and report compilation. New to IT strategic planning this year was the automation of the IT Strategic Planning Amendment Process that has transformed strategic planning from a static event into an ongoing, iterative process. IT strategic plans are now current and truly reflective of agency business changes and supporting technology investments as they occur.

In July, VITA staff conducted a series of meetings with each Secretariat, the business owners of their technology project portfolio. Attending these meetings were the Deputy Secretary, representatives from the Project Management Division (PMD) of VITA, the appropriate Enterprise Service Director from VITA, and a representative from the Department of Planning and Budget (DPB). At the meetings, preliminary project recommendations and rankings for the Secretariat were reviewed. Major technology project information, including the agency's project description and business case summary, was reviewed to assist in determining Secretariat priorities. The Cabinet Secretaries reviewed their investment priorities in order to ensure the most critical business needs were appropriately addressed. The results of each Secretariat review were considered in the final report to the Governor and General Assembly approved by the ITIB and are presented in Appendix D, *Major Technology Investment Projects by Rank within Secretariat*. From this portfolio of projects, a minimum of two or the top 30% of each Secretariat project portfolio was selected for inclusion in the *Priority Technology Investment Projects* listed in Appendix B. The report development process ensured that selected priority projects address critical Commonwealth technology investment business needs as determined by the business owners working in collaboration with the ITIB.

As directed by the ITIB, the following project priority ranking process was used to develop the 2004 Recommended Technology Investment Projects (RTIP) report:

- Criteria to evaluate score, and rank major technology projects were established and approved by the ITIB. As specified by the *Code of Virginia*, the criteria included: strategic alignment, technical feasibility, benefits to the Commonwealth, risk, funding requirements, and past performance by the agency.
- The VITA Project Management Division, using the approved evaluation criteria, evaluated individual projects.
- Once evaluated, projects were given a weighted score, and a 1 through *n* ranking of all Commonwealth projects was developed based upon the project weighted scores.

- Ranking reports, along with agency assigned priorities, were reviewed with Secretariats to establish Secretariat priorities.
- A minimum of two projects or the top 30% from each Secretariat were selected for inclusion.
- A draft RTIP report was submitted to the CIO, the Cabinet, and the ITIB for review.
- The ITIB met on August 11, 2004 to evaluate the current project portfolio and to select the top priority investment projects for recommendation.

Recommended Technology Investment Projects

The RTIP report includes the following appendices and tables that present alternate views of the Commonwealth technology project portfolio with supporting documentation:

Appendix A – Active Major IT Projects – projects that will continue in the 2004-2006 Budget Biennium and are currently active on the Commonwealth Major IT Projects Dashboard or previously approved for development by the ITIB. Continuation of active projects is subject to the periodic review and recommendation of the CIO and review and approval by the ITIB. Active projects are not included in the ranking process, as funds have already been allocated. Funding sources for projects approved by the ITIB have been confirmed. For all other projects, those active prior to the establishment of the ITIB, funding sources have been identified by the agency.

Appendix B – Priority Technology Investment Projects – is a list of the top 30% (not less than 2 projects) of each Secretariat project portfolio. These projects were reviewed by the ITIB and assigned a Commonwealth ranking at the August 11, 2004 meeting of the Board.

Appendix C – Approved Technology Investment Projects – is a list of all technology investment projects that have been approved for planning by the CIO. These projects were reviewed by the ITIB and assigned an adjusted Secretariat rank at the August 11, 2004 meeting of the Board. These projects have been approved to undertake the planning necessary to complete a detailed project proposal and project charter for review by the Secretariat Oversight Committee and CIO, and development approval by the Commonwealth IT Investment Board.

Appendix D - Major Technology Investment Projects by Rank within Secretariat is a ranking of projects based on information received as part of the IT Strategic Planning Process. The evaluations were performed as a two-step process. The PMD analysts first completed an assessment of the submitted project information to determine if the project should be recommended to the Governor and General Assembly. For recommended projects, ranking criteria were applied to prioritize the projects within each Secretariat. Project selection and ranking criteria are listed in Appendix E. Criteria were developed from project evaluation criteria specified in the Code of Virginia and direction from the ITIB. The RTIP report divides the projects into the following categories:

- **Active Projects** - projects that will continue in the 2004-2006 Budget Biennium and are currently active on the Commonwealth Information Technology Major Projects Dashboard or previously approved for development by the ITIB. Continuation of active projects is subject to the periodic review and recommendation of the CIO and review and approval by the ITIB. Active projects are not included in the ranking process, as funds have already been allocated. Funding sources for

projects approved by the ITIB have been confirmed. For all other projects, those active prior to the establishment of the ITIB, funding sources have been identified by the agency.

- **Approved for Planning** – projects approved for planning by the CIO in the 2004-2006 Budget Biennium, ranked within each Secretariat. CIO planning approval constitutes approval to undertake only the planning phase of each project. Subsequent development approval is required from the ITIB.
- **Identified for Preliminary Planning** - projects identified for preliminary planning that will be initiated in the 2004-2006 Budget Biennium, ranked within each Secretariat. Projects are held in this category pending agency submittal of adequate project information to the CIO for the purpose of granting project planning approval.
- **Suspended** – technology projects, which have been suspended by the agency or at the direction of the CIO or the ITIB.
- **Instructional/Research Projects** – research projects, research initiatives, or instructional programs at public institutions of higher education. The *Code of Virginia* does not require that instructional or research projects are included in the ranking process; however, at the request of the Secretary of Education, the projects are listed to provide a complete view of the Secretariat project portfolio.

Appendix E – *Project Selection and Ranking Criteria* is an explanation of the evaluation and ranking criteria approved by the ITIB.

Appendix F – *Major Project Description Report* contains the project description for each project in the RTIP report. The “Project ID” field can be used to associate the project to the description. Projects are listed in Project ID sequence. Collaboration opportunity categories are listed, where applicable, and can be used to locate information by collaboration category in the Collaboration Report, which is found in Appendix G.

Appendix G – *The Collaboration Opportunity Report* identifies opportunities for collaboration by project category and “Project ID” number. Analysts from the PMD reviewed project proposal information for potential collaboration opportunities. General categories for collaboration were identified and projects were associated with the appropriate categories. In all, twelve possible collaboration categories were identified. Examples of the collaboration opportunities, where multiple agencies submitted similar projects, include:

- **Infrastructure** – acquiring or upgrading technology infrastructure components employing enterprise architecture standards and collective procurements.
- **Financial Applications** – acquiring, upgrading, or developing application systems for finance and accounting functions to include ERP applications.

The CIO identified potential collaboration opportunities to Secretaries and agency heads when approving each Agency IT Strategic Plan. Plans containing projects associated with potential collaboration opportunities were given qualified plan approval. The qualified plan approval requires the agency to

evaluate the collaboration opportunity as an alternative during the development of the final project proposal. Agencies will be required to address collaboration opportunities when seeking development approval from the ITIB.

Appendix H – *Priority Technology Investment Projects for the 2004-2006 Budget Biennium, Funding Status as of July 7, 2004* contains the top 26 projects recommended as priority technology investment projects in the September 2003 report from the ITIB. The shaded projects indicate those projects that were funded. Please note that two projects were funded via language in the Appropriation Act, the Department of Forestry Private Land Mobile Radio Replacement and the Department of Game and Inland Fisheries Point of Sale License System. The remaining projects were funded either through agency operating budgets (general or non-general funds) or from Federal or grant funding.

Tables 1 through 4 and Charts 1 and 2 (below) – summarize the information contained in Appendix D excluding suspended projects. **The project costs contained in this document are preliminary estimates provided by the proponent agency, and are subject to varying degrees of uncertainty.** The Project Cost (Estimate at Completion) is defined as the expected total cost of the project when the defined scope of work has been completed. Consequently, the costs shown in the column “Project Cost (Estimate At Completion)” should not be misconstrued as the funding requirements for the 2004 - 2006 Biennium. Actual project cost figures listed in Table 3 have been provided by the agencies. It should be noted that projects are funded from multiple sources (e.g., General Funds - GF, Non-general Funds State - NGF-S, Non-general Funds Other - NGF-O, Federal-FED, a mix of General and Non-general Funds - MIX) and may span multiple budget biennia.

Commonwealth Major IT Project Portfolio Total Cost by Category		
	Number of Projects	Project Cost (Estimate At Completion)
Active Projects	36	\$1,073,767,533
Approved for Planning	62	\$353,204,195
Identified for Preliminary Planning	7	\$15,623,000
Active (Suspended)	1	\$1,400,000
Instructional/Research Projects	9	\$15,711,823
Commonwealth Totals	115	\$1,459,706,551

**Table 1: Commonwealth Major IT Project Portfolio
Total Cost by Category**

Commonwealth Major IT Project Portfolio Total Cost by Category Within Secretariat		
	Number of Projects	Project Cost (Estimate At Completion)
Secretary of Administration		
Active Projects	2	\$13,600,000
Approved for Planning	3	\$3,850,000
Identified for Preliminary Planning	0	0
Suspended Projects	0	0
Secretariat Total	5	\$17,450,000
Secretary of Commerce & Trade		
Active Projects	2	\$25,800,000
Approved for Planning	1	\$2,436,000
Identified for Preliminary Planning	0	0
Suspended Projects	1	\$1,400,000
Secretariat Total	4	\$29,636,000
Secretary of Education		
Active Projects	9	\$355,422,399
Approved for Planning	14	\$53,723,616
Identified for Preliminary Planning	1	\$300,000
Suspended Projects	0	0
Instructional/Research Projects	9	\$15,711,823
Secretariat Total	33	\$425,157,838
Secretary of Finance		
Active Projects	2	\$232,685,000
Approved for Planning	2	\$385,000
Identified for Preliminary Planning	0	0
Suspended Projects	0	0
Secretariat Total	4	\$233,070,000
Secretary of Health & Human Resources		
Active Projects	2	\$14,300,000
Approved for Planning	10	\$177,865,979
Identified for Preliminary Planning	0	0
Suspended Projects	0	0
Secretariat Total	12	\$192,165,979

**Table 2: Commonwealth Major IT Project Portfolio
Total Cost by Category Within Secretariat**

Commonwealth Major IT Project Portfolio Total Cost by Category Within Secretariat		
	Number of Projects	Project Cost (Estimate At Completion)
Secretary of Natural Resources		
Active Projects	0	0
Approved for Planning	2	\$3,700,000
Identified for Preliminary Planning	0	0
Suspended Projects	0	0
Secretariat Total	2	\$3,700,000
Secretary of Public Safety		
Active Projects	5	\$380,685,640
Approved for Planning	17	\$44,074,600
Identified for Preliminary Planning	3	\$3,000,000
Suspended Projects	0	0
Secretariat Total	25	\$427,760,240
Secretary of Technology		
Active Projects	2	\$2,406,966
Approved for Planning	9	\$16,169,000
Identified for Preliminary Planning	3	\$12,323,000
Suspended Projects	0	0
Secretariat Total	14	\$30,898,966
Secretary of Transportation		
Active Projects	12	\$48,867,528
Approved for Planning	4	\$51,000,000
Identified for Preliminary Planning	0	0
Suspended Projects	0	0
Secretariat Total	16	\$99,867,528
Commonwealth Total	115	\$1,459,706,551

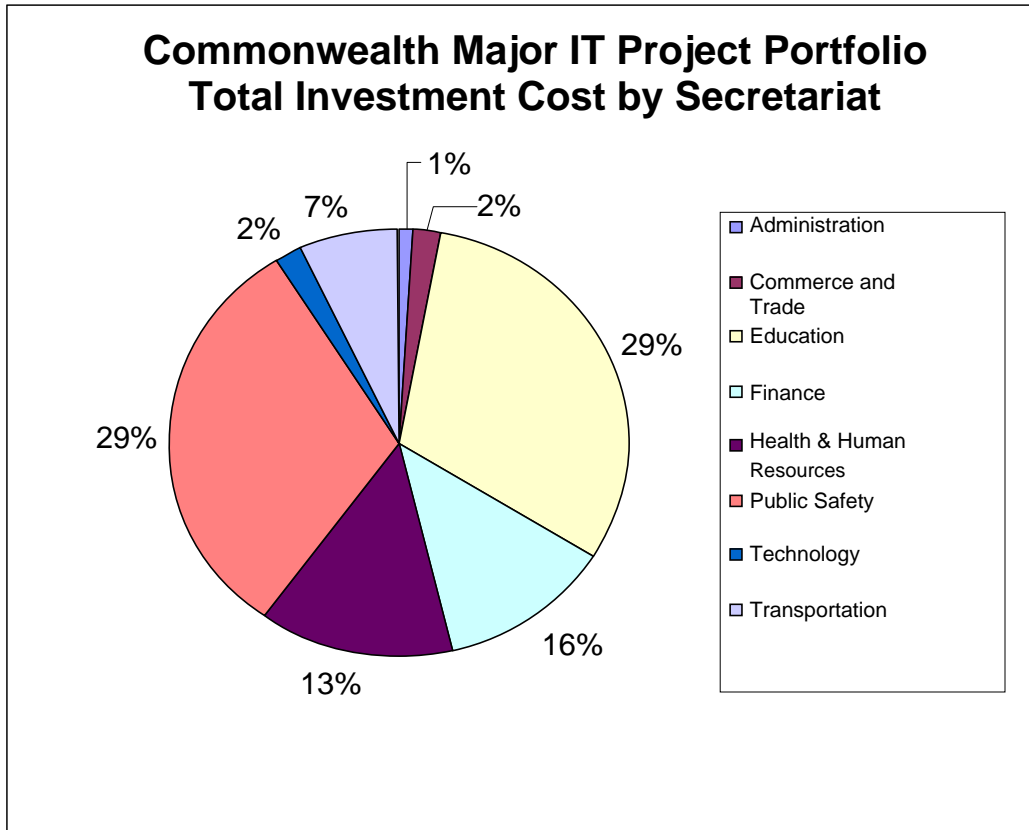
**Table 2: Commonwealth Major IT Project Portfolio
Total Cost by Category Within Secretariat (continued)**

Commonwealth Major IT Project Portfolio Largest Five Investments					
Project ID	Agency	Project Name	Estimated Cost at Completion	Actual Project Costs	Project Category
1000756	VSP	Statewide Agencies Radio System	\$370,000,000	\$6,191,983	Active
1000262	DOE	Web-Based Standards of Learning (SOL) Technology Initiative	\$303,900,000	\$159,179,474	Active
1000204	TAX	Public Private Partnership Project	\$232,600,000	\$188,947,016	Active
1000225	DSS	PPEA – Integrated Social Services Delivery System	\$128,000,000	N/A	Approved for Planning
1000255	DMV	Integrated Systems Redesign	\$32,600,000	N/A	Approved for Planning
Total Cost of Five (5) Largest Investments			\$1,067,100,000	\$354,318,473	
Total Cost of Remaining 112 Investments			\$392,307,000		
Total Percentage of Five (5) Largest Investments			73%		
Total Percentage of Remaining 112 Investments			27%		

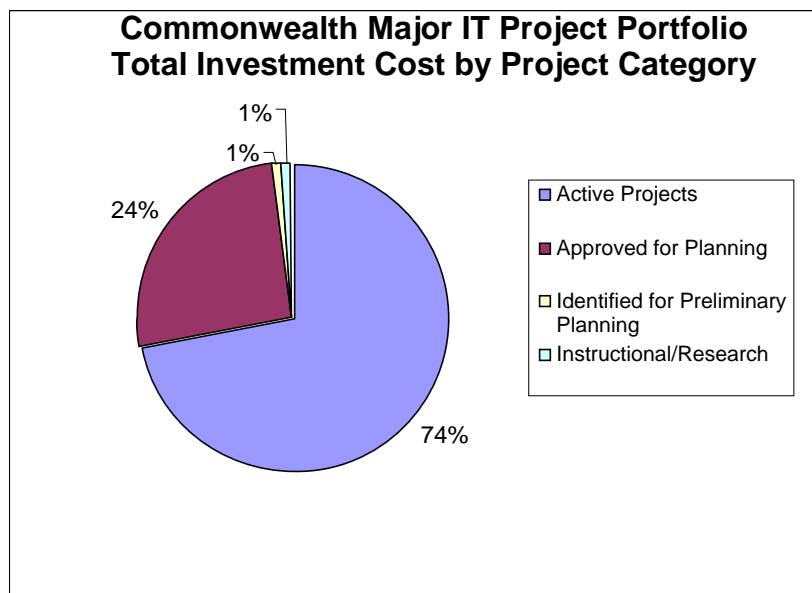
**Table 3: Commonwealth Major IT Project Portfolio
Largest Five Investments**

Commonwealth Major IT Project Portfolio Percentage of Total Investment Cost by Category Within Secretariat					
	Active Projects	Approved for Planning	Identified for Preliminary Planning	Active (Suspended)	Instructional/ Research
Secretary of Administration	78%	22%	0%	0%	0%
Secretary of Commerce & Trade	87%	8%	0%	5%	0%
Secretary of Education	84%	13%	0%	0%	4%
Secretary of Finance	100%	0%	0%	0%	0%
Secretary of Health & Human Resources	7%	93%	0%	0%	0%
Secretary of Natural Resources	0%	100%	0%	0%	0%
Secretary of Public Safety	89%	10%	1%	0%	0%
Secretary of Technology	8%	52%	40%	0%	0%
Secretary of Transportation	49%	51%	0%	0%	0%

Table 4: Commonwealth Major IT Project Portfolio
Percentage of Total Investment Cost by Category Within Secretariat
 All percentages rounded to the nearest whole number



**Chart 1: Commonwealth Major IT Project Portfolio
Percentage of Total Investment Cost by Secretariat**
All percentages rounded to the nearest whole number



**Chart 2: Commonwealth Major IT Project Portfolio
Percentage of Total Investment Cost by Project Category**
All percentages rounded to the nearest whole number

Priorities for Funding

There are currently:

- 37 Active Major IT Projects identified in Appendix A, representing a total investment of \$1,075,167,533, with \$666,411,244 in planned expenditures for completion of the projects.
- 11 planned projects identified in Appendix B as Priority Technology Investment Projects that are **fully funded**, representing a total investment of \$33,422,345 for completion of the projects.
- 16 planned projects identified in Appendix B as Priority Technology Investment Projects that are **not fully funded**, representing a total investment of \$213,366,224, of which \$15,747,001 is budgeted with \$197,619,223 of additional funds needed, for completion of the projects.

The IT Investment Board recommends to the Governor and General Assembly the following priorities for funding technology investment projects:

1. That the Governor and General Assembly maintain funding for the current Active Major IT Projects identified in Appendix A of the RTIP Report.
2. That the Governor and General Assembly maintain or appropriate funds for the Priority Technology Investment Projects identified in Appendix B of the RTIP Report.

Contact Information

If you have questions or comments about the RTIP Report, please contact the staff of PMD Constance Scott, 804-371-5927, constance.scott@vita.virginia.gov, or Judy Marchand, 804-786-4392, judy.marchand@vita.virginia.gov.